

Message Text

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PAGE 01 STATE 077417
ORIGIN PM-05

INFO OCT-01 EUR-12 NEA-10 ISO-00 CIAE-00 DODE-00 H-01
INR-10 L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15
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FM SECSTATE WASHDC
TO AMEMBASSY STOCKHOLM
INFO AMEMBASSY PARIS
AMEMBASSY LONDON
AMEMBASSY NEW DELHI
AMEMBASSY ISLAMABAD
DOD/ DSAA

C O N F I D E N T I A L STATE 077417

E.O. 11652:GDS

TAGS: MASS, SW

SUBJECT: SWEDISH FOREIGN MINISTER SODER'S LETTER TO
SECRETARY VANCE ON THE SALE OF VIGGEN TO INDIA

REF: STATE 69921, STATE 74389

1. ON WEDNESDAY MARCH 22, AMBASSADOR WACHTMEISTER LEFT
WITH PM DIRECTOR GELB THE ORIGINAL TEXT OF THE FOLLOWING
MESSAGE FOR THE SECRETARY FROM FOREIGN MINISTER SODER.

2. LETTER READS AS FOLLOWS:

MY DEAR MR. SECRETARY,
CONFIDENTIAL

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PAGE 02 STATE 077417

I HAVE THE HONOR TO TRANSMIT TO YOU THE FOLLOWING MESSAGE
FROM FOREIGN MINISTER KARIN SODER.

"DEAR MR SECRETARY,

I WISH TO BRING TO YOUR PERSONAL ATTENTION THE FOLLOWING

MATTER WHICH CONCERNS SWEDISH-AMERICAN COOPERATION IN THE AIRCRAFT-INDUSTRY.

IN 1975 THE GOVERNMENT OF INDIA TOOK UP DISCUSSIONS WITH THE SWEDISH COMPANY SAAB-SCANIA ABOUT THE POSSIBILITIES OF PROCURING THE VIGGEN AIRCRAFT UNDER A LICENSE CONTRACT ENVISAGING DELIVERY OF A SMALL NUMBER OF COMPLETE AIRCRAFT FROM SWEDEN AND A GRADUAL TRANSFER OF THE ENTIRE PRODUCTION OF THESE AIRCRAFT TO INDIA. IN JANUARY 1978 THE GOVERNMENT OF INDIA INFORMED SAAB-SCANIA THAT IT HAD DECIDED TO PROCURE 170 AIRCRAFT TOGETHER WITH SPARE PARTS, GROUND SUPPORT AND TEST EQUIPMENT. FORTY AIRCRAFT WERE TO BE IN FLYAWAY CONDITION WHEREAS THE REMAINING 130 WERE TO BE MANUFACTURED UNDER LICENSE IN INDIA.

THE AIRCRAFT WHICH SAAB-SCANIA HAS OFFERED TO THE GOVERNMENT OF INDIA IS A MODIFIED VERSION OF THE AJ-37 VIGGEN WHICH HAS BEEN DESIGNATED 37-VA.

THE 37-VA AIRCRAFT CONTAINS SOME EQUIPMENT WHICH ORIGINATES IN THE UNITED STATES AND FOR WHICH, IN ACCORDANCE WITH ESTABLISHED PRACTICE, RE-EXPORT APPROVAL BY THE UNITED STATES GOVERNMENT IS FORMALLY REQUIRED. A SPECIFICATION OF THIS EQUIPMENT HAS BEEN SUBMITTED TO STATE DEPARTMENT.

THE GOVERNMENT OF INDIA HAS NOW INFORMED SAAB-SCANIA THAT
CONFIDENTIAL

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PAGE 03 STATE 077417

IN ORDER TO TAKE A FINAL DECISION IN THE MATTER IT NEEDS TO KNOW, WHETHER THE US GOVERNMENT IS PREPARED TO GRANT THE NECESSARY AUTHORIZATION TO RE-EXPORT THE US COMPONENTS CONCERNED TO INDIA. AS YOU ARE NO DOUBT AWARE, THE SWEDISH EMBASSY IN WASHINGTON HAS ALREADY RAISED THIS MATTER WITH STATE DEPARTMENT.

I HAVE NOW CHOSEN TO SEND YOU THIS PERSONAL MESSAGE, MR. SECRETARY, IN ORDER TO STRESS THE IMPORTANCE WHICH THE SWEDISH GOVERNMENT ATTACHES TO THIS MATTER. FOR SAAB-SCANIA IN PARTICULAR AND FOR SWEDISH AIRCRAFT INDUSTRY IN GENERAL, A CONTRACT OF THIS MAGNITUDE WOULD HAVE AN IMPORTANT BEARING ON THE CAPABILITY TO DEVELOP AND PRODUCE AIRCRAFT. IN VIEW OF THE FACT THAT THE US COMPONENTS CONCERNED CONSTITUTE WHAT I WOULD CALL NORMAL MATERIAL WITHOUT ANY PARTICULAR INTELLIGENCE VALUE THE SWEDISH GOVERNMENT WOULD ASSUME THAT THE NECESSARY RELEASE PERMISSION WILL BE GRANTED.

I WOULD VERY MUCH APPRECIATE ANY ACTION YOU MAY WISH TO TAKE IN ORDER TO GIVE THIS MATTER AN EARLY AND FAVORABLE CONSIDERATION.

SINCERELY,

KARIN SODER

ACCEPT SIR, THE RENEWED ASSURANCE OF MY HIGHEST

CONSIDERATION.

3. WACHTMEISTER INFORMED GELB THAT THE SOVIETS HAVE ENTERED THE BIDDING ON THE INDIAN DPSA WITH THE SU-22. HE ALSO PROVIDED THE FOLLOWING INFORMATION IN RESPONSE TO THE QUESTIONS GELB POSED IN THEIR MEETING OF MARCH 21, REPORTED REFTEL:
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PAGE 04 STATE 077417

A) PRODUCTION OF VIGGEN FOR SWEDISH AIR FORCE WILL END IN 1985-86. IF THE INDIAN DEAL COMES THROUGH, VIGGEN PRODUCTION CAN CONTINUE ONE OR MORE YEARS. IF A DECISION IS TAKEN TO DEVELOP A MEDIUM TO HEAVY SWEDISH ATTACK PLANE, THE PRODUCTION LINE CAN CONTINUE UNTIL THE MID-1990S.

B) THERE ARE TWO OPTIONS FOR THE DELIVERY OF SWEDISH VIGGENS TO INDIA: FIRST, THE FORTY DIRECT DELIVERY VIGGENS WOULD BE DELIVERED TO INDIA FROM THE END OF 1978 THROUGH EARLY 1980, (15 OF THESE COULD BE DIVERTED FROM SWEDISH AIR FORCE PROCUREMENT AND DELIVERED IMMEDIATELY); SECONDLY, ALL 40 WOULD BE DELIVERED IN EARLY 1980.

C) THE COPRODUCTION SCHEME WOULD BE AS FOLLOWS: LICENSED PRODUCTION IN INDIA BEGINNING 1979-1980 WITH SOME COMPONENTS PRODUCED IN SWEDEN AND SOME IN INDIA; INDIA HAS THE CAPABILITY TO PRODUCE COMPONENTS FOR VIGGENS DESTINED FOR SWEDISH USE. CONTINUED PRODUCTION OF VIGGEN IS NOT DEPENDENT ON INDIAN PRODUCTION.

D) AUSTRIA IS NOT A POSSIBLE SALE.

4. FINALLY, WACHTMEISTER SAID THAT SWEDEN HAS ASKED THE INDIANS TO EXTEND THE TIME FOR CONSIDERATION OF THEIR OFFER BEYOND THIS WEEK. VANCE

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